

MUSEUMS AND GALLERIES ACT 1992

Presented pursuant to Section 9(8) of the Museums and Galleries Act 1992

Natural History Museum Annual Report and Accounts 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 20 JULY 2009

LONDON: The Stationery Office

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Trustees' Annual Report

Reference and administrative details

The Natural History Museum is a non-departmental public body, sponsored by the Department for Culture, Media and Sport, and is an exempt charity as listed in Schedule 2 of the Charities Act 1993.

Principal Address

The Natural History Museum, Cromwell Road, London, SW7 5BD.

Board Members

The Board of Trustees comprises the following:

	Appointment period	Appointed by
Oliver Stocken (Chairman) (b) (c) (d)	To 31 December 2009	Prime Minister
Daniel Alexander QC (b)	To 11 May 2010	Co-opted
Professor Sir Roy Anderson FRS FMedSci	To 31 March 2012	Co-opted
Louise Charlton (d)	To 30 April 2010	Prime Minister
Professor David Drewry	To 5 May 2012	Prime Minister
Professor Dianne Edwards CBE FRS (a)	To 6 February 2011	Prime Minister
Professor Alex Halliday FRS (b)	To 28 February 2010	Royal Society
Ian Henderson CBE FRICS (d)	To 2 February 2013	Co-opted
Dr Derek Langslow CBE (a)	To 5 May 2012	Prime Minister
Professor Jacquie McGlade (b)	To 31 December 2009	Prime Minister
Professor Georgina Mace CBE FRS (d)	To 5 February 2012	Prime Minister
Sir David Omand GCB (a)	To 19 January 2010	Prime Minister

Notes:

- (a) Member of the Trustees' Audit and Risk Committee
- (b) Member of the Trustees' Remuneration Committee
- (c) Member of the Trustees' Nomination Committee
- (d) Member of the Trustees' Darwin Centre Phase Two Committee

Museum Director and Accounting Officer

Dr. Michael Dixon

Bankers

National Westminster Bank plc
186 Brompton Road
London
SW3 1HH

Auditors

Comptroller and Auditor General
National Audit Office
Buckingham Palace Road
London
SW1W 9SS

Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Solicitors

Farrer & Co.
66 Lincoln's Inn Fields
London
WC2A 3LH

Investment Advisors

JP Morgan Fleming Asset Management
10 Aldermanbury
London
EC2V 7RF

Accounts preparation

The annual report and accounts have been prepared in accordance with the accounting policies set out in Note 1 on pages 29 to 32. They comply with the requirements of the Companies Act 1985, the Statement of Recommended Practice 2005 on 'Accounting and Reporting by Charities', except where specified, the Government Financial Reporting Manual, and applicable accounting standards as modified by the Accounts Direction given by the Secretary of State for Culture, Media and Sport, with the approval of H.M.Treasury.

Structure, governance and management**Status**

The Trustees of The Natural History Museum were established as a body corporate under the British Museum Act 1963, when the Museum was formally separated from the British Museum, of which it had been a part since the British Museum's establishment in 1753. The Museum is also an exempt charity as listed in Schedule 2 of the Charities Act 1993.

Statutory duties

Under Section 3 of the British Museum Act 1963, the Museum is responsible for keeping its collections and making them available for inspection by the public.

The Board of Trustees

The Museum is governed by a Board of 12 Trustees who are appointed by the Prime Minister (8), the Secretary of State for Culture, Media and Sport on recommendation by the Royal Society (1) or co-opted by the Board of Trustees themselves (3). Those appointed by the Prime Minister or co-opted are appointed by open competition.

Trustees are initially appointed for a four year period and can serve a second equal term before standing down.

There are four sub-committees of the Board of Trustees:

- Audit and Risk Committee
- Remuneration Committee
- Darwin Centre Phase Two Committee
- Nominations Committee

All Trustees attend a one day induction and training course, and are issued with documents relating to the Museum's corporate governance framework.

The Board meets generally four times a year, and in addition strategy days are arranged with at least one taking place annually.

The Board of Trustees carries out an annual review of its effectiveness.

The Trustees' register of interest is available for inspection on application.

Organisational structure

Responsibility and delegated authority for the management of the Museum rests with the Directors' Group, under the leadership of the Director of the Museum, who is appointed by the Trustees, and, as the Accounting Officer, is responsible to Parliament.

The Directors' Group reflects the functional operation of the Museum and currently consists of:

Director of the Museum:	Dr. Michael Dixon
Director of Public Engagement:	Sharon Ament
Director of Human Resources:	Paul Brereton
Director of Finance and Administration, and Programme Director, Darwin Centre Phase Two:	Neil Greenwood
Director of Science:	Prof. Richard Lane
Director of Estates:	David Sanders
Director of Policy and Planning and Director of the Natural History Museum at Tring:	Teresa Wild

Staff and organisation

The Museum is an Equal Opportunity Employer and has agreed statements of policy under section 2(3) of the Health and Safety at Work Act, 1974.

Senior management communicate with staff through regular Museum wide presentations, Museum notices and team briefings, through the Museum's Health and Safety organisation and Whitley Council mechanisms as well as through informal meetings.

The Museum is a non-departmental public body and follows policy issued by the Cabinet Office on employment of disabled staff.

During the year the Museum employed 915 staff (average full time equivalents) of which 644 were on permanent contracts.

The average days sickness per year for permanent and fixed term contract staff was 6.41 days per full time equivalent (2008: 7.26).

Pension benefits are provided through the Principal Civil Service Pension Scheme (See Note 7 to the Accounts).

In May 2008 the Museum was awarded the Investors in People Standard.

A volunteer force of c500 people assisted the Museum during 2008-2009.

Openness and accountability

The Museum is committed to openness and facilitating easy access to all types of recorded information about its collections, services and corporate activities. In particular the Museum has a Publication scheme, in accordance with schedule 19 of the Freedom of Information Act 2000, which lists the information made available on a proactive basis.

The Publication scheme is only part of the provision for access to information available under the Act. Any information which is not covered by an exemption will be made available on request.

The minutes of Board meetings and the register of Board members' interests are open to inspection by the public.

Risk management

The Museum has comprehensive risk management processes overseen by the Audit and Risk Committee.

The Directors' Group has specific responsibility for:

- developing and monitoring the implementation of the risk management strategy; and
- assessing, categorising, reviewing and monitoring the key inherent, significant and emerging risks to the achievement of aims and objectives.

A statement of key risks and the risk profile is considered and determined by the Board of Trustees on an annual basis, as advised and informed by the Audit and Risk Committee and the Director. During the year the Director reports significant changes and developments in the risk profile to the Audit and Risk Committee and the Board of Trustees.

The current key risks include:

- future material reductions in grant in aid may result in the need to make major expenditure cuts;
- the web presence for the Museum's science may be inadequate for a major international research organisation;
- the new pay and reward scheme may not deliver enhanced performance management;
- failure to deliver and effectively launch Darwin Centre Phase Two may result in a failure to realise the benefits.

Data and information risk

Risks to data and information held by the Museum are owned and managed by individuals, responsible as information asset owners, and there is a Senior Information Risk Owner (SIRO) responsible for the information risk policy and risk assessment, and for ensuring that the Museum complies with the Cabinet Office protocols it has assessed as being appropriate for the management of information risk.

No sensitive personal data incidents have occurred during 2008-09 and no report has been made to the Information Commissioner's Office.

Relationship with DCMS

As a non-departmental public body the Museum is sponsored by the Department for Culture, Media and Sport. This relationship is formalised via the Funding Agreement, a Management Statement and a Financial Memorandum.

Group entities

The Museum's accounts are a consolidation of the following:

- The Natural History Museum;
- The Natural History Museum Trading Company Ltd.;
- The Natural History Museum Special Funds Trust;
- The Natural History Museum Benevolent Fund; and
- The Cockayne Fund.

Objectives and Activities

Mission

The Natural History Museum's mission is to maintain and develop its collections and use them to promote the discovery, understanding, responsible use and enjoyment of the natural world.

Objectives

The Natural History Museum is one of the world's great institutions and is the guardian of the national collection of over 70 million natural history specimens. This includes unrivalled collections of biological and geological specimens, the world's finest natural history library and a magnificent collection of natural history art. Many of these treasures are housed in the famous Waterhouse Building in South Kensington. They represent an important part of the nation's heritage, but more importantly, the Museum actively works with its collections to meet the needs of people today and in the future.

The Museum uses its collections in scientific research programmes of internationally recognised excellence, thereby generating new knowledge that is both scientifically important and, in many cases, of great practical value. One of the country's leading visitor attractions, the Museum is also dedicated to making natural history as accessible as possible to a wide range of people in this country and worldwide. It does so by means of its educational and enjoyable exhibitions, publications, and its teaching and outreach programmes, including via the web. It supports all of these activities with high quality staff, services and facilities.

In addition to the main Museum site in South Kensington, there is the Natural History Museum at Tring.

The Museum is committed to excellence and in order to contribute fully to the imperatives facing the natural world the Museum has a corporate plan which sets high ambitions to be realised over the period 2007-12. This is enshrined in the Museum's vision.

The Vision:

Our vision for the future is to advance our knowledge of the natural world, inspiring better care of our planet. There are seven ways in which we will do this:

- Generating knowledge;
- Maintaining a major scientific infrastructure;
- Providing access to existing information;
- Delivering learning opportunities;
- Engaging with a larger, diverse audience;
- Creating engaged and scientifically literate citizens; and
- Inspiring a lifelong commitment to the natural world.

The Darwin Centre

The Darwin Centre is a key component of the delivery of the vision. The first phase which opened in September 2002, houses c22 million zoological specimens stored in alcohol, and provides visitors with access to those collections and the scientists who work on them.

Darwin Centre Phase Two, which will safeguard the Museum's entomological and botanical specimens and develop further the public access to the Museum's science, is scheduled to open in Autumn 2009. The main contractor for the core building, BAM Construct UK Ltd. (formerly HBG UK Ltd.) started on site in June 2006 and handed the building over to the Museum on 29 August 2008. Since that date work has commenced on fit out of the public spaces, the development of public programmes, the fit out of the spaces to be occupied by staff and collections, and occupation of those spaces from January 2009, including the moving in of the collections.

At 31 March 2009 expenditure on Phase Two amounted to £71.150m funded from both internal and external sources, including £8.6m from DCMS, £19.9m from the Heritage Lottery Fund and £10.0m from the Wellcome Trust. Of this expenditure, £65.691m had been capitalised. Total funds received for the project amounted to £72.772m and thus there was a working fund balance of £1.622m available to fund future committed expenditure.

A further c£8m expenditure will be incurred during 2009-10 and hence it is estimated that the total funds required for the project will be £78.5m with £20.5m from the Heritage Lottery Fund, £10m from the Wellcome Trust, and £10.7m from DCMS, £13.5m raised from other fundraising, and c£24m from Museum resources.

Achievements and activities during 2008-2009

2009 is the bicentenary of the birth of Charles Darwin and throughout the year from July 2008, the Museum has been co-ordinating the activities of *Darwin200*, an international collaboration of organisations from a range of sectors, arranging a programme of activities, including a birthday celebration at the Museum on 12 February 2009.

The main special exhibition at South Kensington was *Darwin: the Big Idea* a joint project with the American Museum of Natural History and four other museums which was a major contribution to the *Darwin200* celebrations. The exhibition focussed on the man, and Charles Darwin's ideas and their impact in changing understanding of the world. In addition there was the *Wildlife Photographer of the Year* exhibition, and *Amazing Butterflies* which took place in the summer on the front lawn. The main exhibition at the Natural History Museum at Tring was *Wallace, Darwin and Evolution* which contributed to attracting a total of 111,933 visitors to Tring.

The special exhibition programme, permanent galleries and the programme of public events enabled the Museum to continue to attract a high number and a diverse range of visitors. Total visitors to South Kensington and Tring amounted to 3.843m which was a small increase of 64k compared with 2007-08, and almost in line with 2006-07 which was a record year since the reintroduction of free admission in 2001.

Within the total visitors figure were 1,131,054 children (2008: 1,251,131) and based on site surveys, there were an estimated 334,000 visitors aged 16 and over from lower socio-economic groups (2008: 290,000).

The number of children in organised educational programmes both on-site and outreach amounted to 417,000 which is an increase on the figures for 2007-08 (340,000).

Building on the successful relaunch of the Museum's website in 2005 there were almost 6.6m unique user visits to the site which is an increase on the figure for 2007-08 (5.5m).

TREE by Tania Kovats, a 17m longitudinal section and permanent installation of a 200 year old oak tree and winner of the 2007 Darwin's Canopy exhibition was unveiled in March in the ceiling of the mezzanine gallery in the central hall.

At Tring, Gallery 6, which contains reptiles, amphibians, flightless birds, mammals and the UK's largest collection of domestic dogs, was re-opened in February after major renovation.

Following on from the award to a consortium including the Museum in August 2007 of £11.7m from the Big Lottery over a 5 year period, the Open Air Laboratories Network (OPAL) was launched at the Museum in November. OPAL is an England-wide initiative designed to encourage the public to engage with some of the country's leading scientists while becoming involved in environmental projects tailored to their region. It will provide the training, practical experience, tools and support needed for communities to record the plants, animals and fungi in their local environments.

On the collections, curation and research side, the Museum continued to produce high quality science, attract funding for collections-based activities and research, and participate in international initiatives, including:

- The fifth year of the *Synthesys* project, an EU funded programme of 13 million euros led by the Museum for developing and accessing collections, linking 20 museums and botanical gardens across Europe, was completed. Subsequently in June 2008 a further programme led by the Museum, which will provide funding for further research visits, networking activities building on the previous programme and, also, a research project focusing on the extraction of DNA from museum and herbarium collections was awarded c7 million euros of EU funding;
- Work continued on another significant EU funded partnership project in which the Museum plays a leading role – the European Distributed Network of Taxonomy (EDIT) which aims to overcome fragmentation of research in taxonomy. The Museum is leading on the development of websites, known as “scratchpads”, with communities of taxonomists. First launched in March 2007, by December 2008 over 50 sites were already in operation;
- Digitisation work continued into a second year as part of the contribution to the Biodiversity Heritage Library (BHL) project with an average of over 50,000 pages per month. This is a partnership of ten international major natural history and botanical libraries which are collaborating to digitise the biodiversity literature to make it freely available on the web. The BHL is a key component of the Encyclopaedia of Life, established in May which is an international collaboration to develop an online reference source and database for every one of the 1.8 million species that are named and known on the planet, as well as all those later discovered and described;
- The Public Sector Research Exploitation Fund awarded £278k to support the development of the Museum’s forensic entomology service;
- The Museum publishes (with Cambridge University Press) two journals – *The Journal of Systematic Palaeontology and Systematics and Biodiversity*. The former saw a significant increase in the impact factor from 0.95 to 1.647 during the year and the latter received its first impact factor – an excellent 2.818;
- Professor Chris Stringer FRS was awarded Best Archaeological Book for *Homo Britannicus* at the British Archaeological awards ceremony in November. The book summarises the work of phase 1 of the ancient human occupation of Britain project, a five year research initiative funded by the Leverhulme Trust;
- Dr. Vince Smith was awarded the Ebbe Nelson Prize by the Global Biodiversity Information Facility for his work relating to taxonomic and biodiversity informatics research;
- Five Marie Curie Fellowships were secured, the Museum’s highest ever success rate for awards;
- The Cadiou collection of hawkmoths comprising 230,000 specimens was purchased enabled by a successful fundraising campaign;
- The Museum purchased one of the most important and extremely rare meteorites, Ivuna, whose chemical composition matches the sun;
- 603 peer reviewed papers were published;
- Approximately 14,000 scientific visitor days were recorded, including those visiting under the *Synthesys* project;
- Approximately £25.4m scientific grant funding (including value to collaborators) was secured from 63 successful awards (2008: 84 awards). The value to the Museum from these awards amounted to £7.9m (2008: £6.7m);
- Over 47,000 scientific enquiries and specimen identifications were attended to.

Other significant developments and achievements during the year included:

- The Museum continued to lead on the Real World Science project which is a partnership with four regional partners to inspire secondary school science students, increase their participation in scientific activity, and to enhance their knowledge. The Department for Children, Schools and Families and the Department for Culture, Media and Sport have agreed to extend the funding for the project through to 2011;
- As part of Insect Identification week in July the Museum launched *Bug Forum*, the Museum’s first public forum, to stimulate discussion and public interest in the great variety of UK insects, spiders and other ‘bugs’ such as centipedes and millipedes, linking in with the Museum’s Insect Identification Service;

- In July the Museum co-hosted the Third International Student Summit – Darwin and Contemporary Science – with almost 200 UK and international delegates;
- October saw the launch of the Annual Fund, an initiative to encourage financial support for the Museum's science fieldwork and expedition programmes;
- The Evolution campaign, a fundraising campaign focusing on securing funds for gallery redevelopment and a frozen DNA facility was launched in November;
- The Museum continued to achieve accreditation to the international environmental standard, ISO 14001;
- The Museum was awarded OHSAS 18001 (2007) BSI certification which is the internationally recognized assessment specification for occupational health and safety management systems;
- In September, Benugo were appointed as the Museum's contract caterer.

Achievement against performance indicators for 2008-09, including core indicators as set out in the Funding Agreement is shown in Appendix 1 to the Trustees' report.

Plans for 2009-2010

The primary focus for 2009-10 will be on continued delivery of Darwin Centre Phase Two and preparation for launch and public opening in autumn 2009.

The main special exhibitions at South Kensington are *Butterfly Jungle* which includes a tropical butterfly house and which opened on the east lawns in May 2009, *Wildlife Photographer of the Year* from the autumn and *After Darwin: Contemporary Expressions* which includes newly-commissioned and existing work, inspired by Charles Darwin's book, *The Expression of the Emotions in Man and Animals*, opened June 2009. The main exhibition at Tring is *Bumblebees*.

On the research side, the Museum will consolidate its position as one of the world's leading institutions in systematics and scientific research by seeking to increase the proportion of research that is published in recognised titles as well as competing for and increasing peer reviewed funding. New approaches to web based taxonomy will continue to be developed, in particular by contributing to the EU-funded EDIT (European Distributed Institute of Taxonomy) Network of Excellence project, and the CATE (Creating a Taxonomic e-Science) project. The Museum also mounted the first international symposium on biodiversity informatics, e-Biosphere 2009, in June 2009.

For the collections, developments plans will be completed for each of the collection departments which will underpin an overall collections development strategy. This will be complemented by a collections standards project supplemented by the embedding of a collections management competency framework and the Museum will be seeking to achieve Museum Accreditation.

The Museum will continue to play an active and significant role in international partnership projects to digitise, share and make electronically available biodiversity, in particular via the Biodiversity Heritage Library which focuses on published literature as part of the Encyclopaedia of Life project.

There will be continued investment in visitor related facilities, collections storage, and core infrastructure at both South Kensington and Tring including fire precautions work, replacement lifts, refurbished public toilets and catering outlets, a redesigned entrance on Exhibition Road, and digital infrastructure.

Financial Review 2008-09

The Natural History Museum

The Museum had a good year financially with an overall surplus of £7.4m on net incoming resources, supported by an increased level of grant-in-aid and increased level of unrestricted self generated income and science grant income. This enabled increased expenditure on charitable activities and support costs, and underpinned the continuing investment in Darwin Centre Phase Two, which was also funded by significant restricted income received during the year.

For the Natural History Museum Accounts which include the grant-in-aid voted by Parliament and the consolidation with the Natural History Museum Trading Company, the Special Funds Trust, The Cockayne Trust

and the Benevolent Fund, the overall level of funds decreased by £77.1m from £534.1m to £457.0 (see Statement of Financial Activities). This reflects a write down of £84.1m arising from the quinquennial revaluation of fixed assets, offset by the surplus of £7.4m on net incoming resources.

The total incoming resources for the year reduced by £3.4m to £80.0m (2008: £83.4m) of which £51.6m (2008: £45.4m) was grant-in-aid – an increase of £6.2m including £3.6m for Darwin Centre Phase Two – and £6.0m (2008: £16.9m) was restricted donations including £3.1m from the Heritage Lottery Fund and £0.6m from the Wellcome Trust for Darwin Centre Phase Two. The reduction in restricted donations reflects the timing of Darwin Centre Phase Two external funding where higher levels of funding, in particular from the Heritage Lottery Fund and from the Wellcome Trust were received during 2007-08. The total reduction on incoming resources also takes account of increases in income from trading activities (£0.5m), admissions and membership (£0.6m), and shared services (£0.4m), which offset a reduction in investment income (£0.5m).

The total resources expended amounted to £72.6m (2008: £66.3m). The increase of £6.2m was attributable to a number of significant factors – an increase of £1.4m to £19.3m in the direct costs of scientific curation and research; an increase of £0.8m in direct costs of trading costs and an increase of £3.3m in support costs particularly in relation to Estates costs.

Within the total fund balance of £457.1m, unrestricted designated funds which largely represents the non-donated estate (including most of the South Kensington site) and funds which the Museum has invested in capital assets and programmes, have decreased from £467.6m to £382.4m, reflecting the revaluation of fixed assets, and there are £6.5m of designated funds for future projects. The balance on the General Fund has decreased by £1.3m to a surplus of £2.5m (2008: £3.8m), while the restricted fund balance has increased from £62.0 to £71.7m which primarily reflects further capital investment in Darwin Centre Phase Two.

Capital expenditure for the year amounted to £15.3m of which £11.4m was attributable to Darwin Centre Phase Two. Tangible fixed assets at 31 March 2009 amounted to £443.4m (2008: £521.3m) which predominantly represents land and buildings. The reduction of £77.9m takes account of the decrease arising from the revaluation.

The net current assets at 31 March 2009 amounted to £13.2m (2008: £12.1m), including a cash balance of £24.7m (2008: £15.0m). This includes the funds (restricted and designated) amounting to £1.6m held to meet committed expenditure for Darwin Centre Phase Two and it also underpins the further Museum investment in 2009-10 of c£2.3m of the total c£8m expenditure which will be incurred on the project during this period. The cash balance also includes funds to meet other capital expenditure plans and significant amounts received for scientific grants, including for *Synthesys*, which will be dispersed during 2009-10.

The Natural History Museum Trading Company Limited

The Museum established a trading company, The Natural History Museum Trading Company Limited, on 1 April 1994. It comprises the activities of retailing, conferencing and banqueting, catering, brand management, the picture library, touring exhibitions, the Wildlife Photographer of the Year Competition, and consultancy.

The net operating profit for 2008-09 amounted to £1.628m (2008: £2.714m).

Profits from the Trading Company are donated to the Museum under gift aid. For 2008-2009 this amounted to £1.632m (2008: £2.709m).

The results of the Trading Company are included in the Museum's consolidated accounts and are summarised in Note 10.

The registered office of the Trading Company is at The Natural History Museum, Cromwell Road, London SW7 5BD.

The Natural History Museum Special Funds Trust

On 15 February 2000 the Charity Commissioners for England and Wales gave approval for the establishment of a scheme for the administration of a number of individual funds previously held within The Natural History Museum Special Funds. The scheme is governed by a charity known as The Natural History Museum Special Funds Trust which was established under a charitable trust deed dated 3 November 1999.

The Trust has powers to apply the income of the fund to the furtherance of the work of the Natural History Museum for which provision is not made from public funds, and disbursements are made in accordance with a policy approved by the Science Group of the Natural History Museum which takes into account the objectives of the original funds.

During the year the fund received income amounting to £49.2k (2008: £48.3k) and incurred expenditure of £31.1k (2008: £31.0k). At 31st March 2009 the value of the Fund amounted to £0.954m (2008: £1.189m) including investments valued at £0.787m (2008: £1.041m) and cash of £167.8k (2008: £152.4k).

The Cockayne Trust

The Trustees of the Natural History Museum hold a collection of British lepidoptera (known as the Rothschild – Cockayne – Kettlewell collection) which consisted, in part, of a collection donated by Edward Alfred Cockayne. On 27 May 1951 a trust deed was executed, establishing the Cockayne Trust, whereby Cockayne, by means of cash investments and other donated assets, would make financial provision for the purpose of improving the collection. In addition the fund may be used for the promotion, encouragement and study of British lepidoptera and for Cockayne research fellowships.

During the year the fund received income amounting to £6.1k (2008: £5.8k) and incurred expenditure of £0.2k (2008: £0.3k). At 31st March 2009 the value of the Fund amounted to £135.1k (2008: £158.8k) including investments valued at £91.4k (2008: £121.0k) and cash of £43.7k (2008: £37.9k).

The Benevolent Fund

The Benevolent Fund was established by the British Museum Trustees on 14 March 1936 having been passed to the Trustees by Dr. G. E. Herbert Smith. The income from the fund is to be used "to assist members of staff, in particular those less well paid, who may fall upon misfortune". Assistance is usually given by way of small grants or interest free loans to members of staff.

The balance of funds held at 31 March 2009 was £24.6k (2008: £28.8k).

The Funding Agreement

The Museum receives the majority of its income from Government funding (grant-in-aid). For 2008-09 this was derived from the three-year Funding Agreement, between the Museum and the Department for Culture, Media and Sport (DCMS) covering the years 2008-11 which was signed on 17 June 2008.

The core grant-in-aid which the Museum was to receive over the period 2008-09 to 2010-11 under this Agreement was as follows:

£m	2008-09	2009-10	2010-11
Resource Grant-in-Aid	43.270	44.730	46.321
Capital Grant-in-Aid	7.850	6.350	4.000
Total	51.120	51.080	50.231

Hence during 2008-09 the Museum received a total of £43.270m resource grant-in-aid and £7.850m capital grant in aid of which £3.6m was allocated to Darwin Centre Phase Two. In addition £499k was received from the Invest to Save Budget for the Carbon Neutral Project.

In April 2009 the Museum was informed that the resource grant-in-aid for 2010-11 is to be reduced by £232k.

Reserves Policy

As part of the annual planning and budget setting process the Trustees review and approve the level of readily available reserves, in particular the unrestricted General Reserve, (i.e. those that are not restricted or tied up as fixed assets) appropriate to the scale, complexity and risk profile of the Museum. This takes into consideration the funding base which consists predominantly of grant-in-aid which is subject to a three-year funding agreement with the Department for Culture, Media and Sport, and also self-generated trading income, scientific grant income and sponsorship, all of which are volatile.

The level of reserves is set to provide a comfort level for shortfalls in income and to underpin cash flow and budgetary risks particularly arising from capital expenditure projects. Taking an overall view of the annual operational expenditure and level of comfort required, the Trustees have approved at their Board meeting in November 2008 a minimum level of General Fund of £2.5m. At the 31 March 2009 the General Fund amounted to £2.5m.

Trustees also designate funds for specific projects and activities. Designations currently include funds for the delivery of Darwin Centre Phase Two which is a committed project, and funds for scientific research which have been derived over a number of years from income from scientific activities exceeding an annual target.

Investment powers and policy

The Museum's investment powers are established in its Financial Memorandum with the Department for Culture, Media and Sport. This states that the Museum may not use grant-in-aid to make any speculative investments without prior written approval of the Department.

Equity-based investments are only held by the restricted funds with the aim to achieve an appropriate balance between income generation and capital growth particular to the fund.

The Museum invests cash funds identified as surplus to short term working capital requirements on short to medium term facilities in accordance with a policy approved by the Trustees which is reviewed biannually. The policy addresses liquidity, credit, interest rate and procedural risk.

Environmental Policy

An Environmental Management Policy and an Energy Management Policy were approved by the Trustees in November 2005.

Under the Environmental Management Policy the Museum is corporately committed to continual improvement in the environmental management of its core business activities.

Under the Energy Management Policy the Museum is corporately committed to continual improvements in energy efficiency, finding ways of reducing the Museum's energy consumption and carbon dioxide emissions to the lowest practical levels, while maintaining the required operational needs of the organisation.

The Museum continued to achieve accreditation to the international environmental standard, ISO 14001.

Payment of creditors

The Museum observes the principles of the Better Payment Practice Code in ensuring that creditors are paid within the terms of credit. The Museum policy is that creditors are paid within 30 days of invoice date unless separate arrangements have been contractually agreed. In 2008-09 in excess of 95% of creditors were paid within the agreed period (2007-08: in excess of 95%).

External Auditors

The fees paid to the National Audit Office (NAO) for audit services which are included in Note 6 amounted to £51k.

The fees paid to Kingston Smith LLP for the provision of audit services amounted to £27k.

Disclosure of relevant audit information

At the time of approving the financial statements:

- so far as the Trustees and Accounting Officer are aware, there is no relevant audit information of which the external auditors are unaware; and
- the Trustees and Accounting Officer have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the external auditors are aware of that information.

Oliver Stocken
Chairman of the Board of Trustees

14 July 2009

Dr. Michael Dixon
Director and Accounting Officer

Appendix 1

Performance indicator information, including those indicators listed in the Funding Agreement

Performance indicator	08-09 Outturn	07-08 Outturn	06-07 Outturn	05-06 Outturn	04-05 Outturn
Visitors					
Number of total visitors	3,843,310	3,779,420	3,892,878	3,281,810	3,328,478
Number of child visitors	1,131,054	1,251,131	1,325,946	1,049,808	1,030,492
Number of over 60s visitors	269,032	249,139	290,977	223,643	228,861
Number of visitors from lower socio-economic groups (NS- SEC Groups 5-8) aged 16 and over ^{#1}	333,832	289,978	299,622	422,482	N/a
% of visitors who thought the museum was good / very good	96	97	95	96	93
Other Access					
Number of unique website visits	6,598,515	5,547,626	5,139,426	3,756,365	N/a
Number of website visits	N/a	N/a	N/a	11,049,336	7,955,846
Number of specimens loaned	60,988	43,790	55,525	70,483	N/a
Number of scientific enquiries answered	47,041	50,075	48,977	44,589	N/a
Learning					
Number of children aged 15 and under in on and off site organised educational sessions	416,891	339,646	360,488	339,744	270,935
Research					
Number of peer reviewed research papers	603	571	544	603	512
Value of research grants won (£m total value to the Museum and collaborators)	25.4	26.2	25.9	13.3	6.1
Number of visitor days for visiting researchers	14,154	13,047	13,053	14,899	14,954
Efficiency / other					
Net income from trading activities (£m)	6.13	6.38	6.58	5.97	N/a
Cash efficiency Gains and Savings (£m) ^{#2}	1.90	3.18	3.07	2.01	N/a

^{#1} The reduction in outturn from 2006-07 compared with 2005-06 reflects a change in the classification system and also the counting methodology.

^{#2} Non cash efficiency savings amounting to £8.14m, £8.21m and £2.01m for 2007-08, 2006-07 and 2005-06 respectively were also reported to the Department for Culture, Media and Sport as a core target.

Report on the Remuneration of Senior Management

The senior management of the Museum are considered to be the Directors' Group, with whom responsibility and delegated authority for the management of the Museum rests. The Directors Group is under the leadership of the Director of the Museum, who is appointed by the Board of Trustees, and who, as the Accounting Officer, is responsible to Parliament. The Directors Group reflects the functional operation of the Museum.

Service contracts

Senior management appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

The senior management of the Museum hold appointments which are open-ended with a notice period of six months. Termination payments are in accordance with contractual terms. During the year 2008-09 there were no compensation or severance payments to senior management.

Remuneration committee

The Board of Trustees has established a Remuneration Committee to support it in undertaking its responsibilities for overseeing the performance and remuneration of the Museum's senior management. In particular it oversees the performance and remuneration of the Museum Director and receives and approves recommendations from the Director with regard to the remuneration of other senior managers.

The membership of the Remuneration Committee for 2008-09 comprised:

Professor Alex Halliday (Chair)
Professor Jacqui McGlade
Daniel Alexander
Oliver Stocken

The Director, and the Director of Human Resources attend any meetings which review senior management remuneration except for discussion concerning their own pay and performance.

Policy on the remuneration of senior managers for current and future financial year

At the beginning of the year, senior managers are set objectives based on the Museum's strategic plan. At the end of the year they are assessed by the Director on how far they have achieved their objectives and their performance is rated accordingly. The Chairman of Trustees assesses and rates the Director's performance. All ratings are then reviewed by the Remuneration Committee. All components of senior managers' remuneration, including an incentive bonus scheme, are dependent on delivery and performance.

When determining salary levels, a number of factors are taken into account:

- the projected budget for the annual staff settlement;
- salary levels internally and in the market place (through salary surveys);
- job size and whether this has changed over the period (through formal evaluation, where applicable);
- the performance and contribution of the individual over the period, assessed through performance appraisal; and
- issues of retention.

The Director is eligible for a bonus up to a maximum of 15% of gross salary. This determined by an assessment of his performance and achievement of delivery targets carried out by the Chairman of the Trustees which is reviewed and confirmed by the Remuneration Committee.

Senior management other than the Director are eligible for a bonus up to a maximum of 7.5% of their gross salary, based upon achievement of their objectives and their performance, as assessed by the Director and reviewed and confirmed by the Remuneration Committee.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the senior management of the Museum.

Remuneration

	2008-09		2007-08	
	Salary £	Benefits in kind £	Salary £	Benefits in kind £
Dr Michael Dixon <i>Museum Director, Accounting Officer</i>	169,101	1,564	166,019	1,538
Sharon Ament <i>Director of Public Engagement</i>	106,216	–	104,690	–
Paul Brereton <i>Director of Human Resources</i>	86,499	–	85,692	–
Neil Greenwood <i>Director of Finance and Administration, Programme Director, Darwin Centre Phase Two</i>	114,519	–	103,710	–
Professor Richard Lane <i>Director of Science</i>	113,251	–	112,644	–
David Sanders <i>Director of Estates</i>	85,025	–	75,644	–
Teresa Wild <i>Director of Policy and Planning, Director of the Natural History Museum at Tring</i>	74,415	–	72,301	–

The above information has been subject to audit.

Salary

'Salary' includes gross salary; performance pay or bonuses paid in the year but relating to prior year performance; overtime; and any allowance to the extent that it is subject to UK taxation.

This presentation is based on payments made by the Museum and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. Dr Michael Dixon has use of the Lodge on the Museum's South Kensington site for accommodation. The cost of utility services provided to the Lodge are met by Dr Michael Dixon.

Pension benefits

	Accrued pension at pension age as at 31/3/09 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/09 £'000	CETV at 31/3/08 ^{#1} £'000	Real increase in CETV £'000
Dr Michael Dixon <i>Museum Director, Accounting Officer</i>	10	2	159	119	27
Sharon Ament <i>Director of Public Engagement</i>	15 plus lump sum of 10	2 plus lump sum of 0	209	173	12
Paul Brereton <i>Director of Human Resources</i>	5	1	70	49	13
Neil Greenwood <i>Director of Finance and Administration, Programme Director, Darwin Centre Phase Two</i>	21 plus lump sum of 63	1 plus lump sum of 2	335	299	6
Professor Richard Lane <i>Director of Science</i>	10	2	192	153	23
David Sanders <i>Director of Estates</i>	43	0	798	743	7
Teresa Wild <i>Director of Policy and Planning, Director of the Natural History Museum at Tring</i>	35	0	650	591	4

^{#1} The figures may differ from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

The above information has been subject to audit.

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, Museum employees may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Other information

None of the Directors held any other positions or have any business interests which represented a conflict of interest in connection with their position at the Museum.

The Trustees of the Natural History Museum are not remunerated. Expenses paid are disclosed in Note 7 to the Annual Accounts.

Oliver Stocken
Chairman of the Board of Trustees

14 July 2009

Dr. Michael Dixon
Director and Accounting Officer

Statement of Trustees' and Director's Responsibilities

Under Sections 9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees of the Natural History Museum are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Museum's financial activities during the year and of its financial position at the end of the year.

The Director is responsible for the maintenance and integrity of the corporate and financial information included on the Museum's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing the Museum's accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Museum will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director as Accounting Officer for the Museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in *Managing Public Money*, issued by the Treasury.

Oliver Stocken
Chairman of the Board of Trustees

14 July 2009

Dr. Michael Dixon
Director

* A copy of which is available from the Director of Finance, The Natural History Museum, Cromwell Road, London SW7 5BD. A charge will be made for this.

Statement on Internal Control

Scope of responsibility

As the Board of Trustees and the Accounting Officer, we have responsibility for ensuring that the Natural History Museum has a sound system of internal control that:

- supports the achievement of the aims and objectives of the Natural History Museum; and
- safeguards the assets and public funds for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in Managing Public Money and specifically in the Management Statement and Financial Memorandum between the Museum and the Department for Culture, Media and Sport.

In practice the Trustees will normally delegate responsibility to the Accounting Officer for the day to day management of all operational activities, which support the system of internal control.

The purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate risks to the achievement of aims and objectives; it can therefore only provide reasonable rather than absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of the risks, and to manage them efficiently, effectively and economically. This process has been in place throughout the year ended 31 March 2009 and up to the date of signature of the accounts.

Capacity to handle risk and the risk environment

The Museum has a risk management policy which sets out the attitude to risk, and responsibilities including those of the Trustees, the Director, the Head of Audit and Assurance, managers and staff, and the Directors' Group which has overall responsibility for risk management during the year. Specifically the Directors' Group has responsibility for:

- developing and monitoring the implementation of the risk management strategy;
- assessing, reviewing and monitoring the key inherently significant and emerging risks to the achievement of aims and objectives.

The Director reports significant changes and developments in the risk profile to the Audit and Risk Committee and the Board of Trustees. The risk profile is presented to and endorsed by the Board of Trustees on an annual basis.

At the detailed level, a key risk register is prepared annually with responsibility for each risk allocated to managers. The Directors' Group monitors quarterly the progress of action taken to manage these risks and for the emergence of new risks.

Comprehensive guidance has been produced and widely disseminated on risk awareness and risk management, and a robust risk assessment methodology has been implemented. The Directors and managers are responsible for assessing risk appetite, using a framework of key documents including Financial Regulations, Collections Management guidelines, Procurement Manual, the Staff Handbook and Health and Safety guidelines.

Significant internal control improvements during the year

A number of specific actions have occurred during the year which have strengthened the internal control framework:

- continuing development of the business continuity plan;
- continuing investment in museum wide security and fire precautions systems and infrastructure;
- OHSAS 18001 (2007) certification was achieved for the occupational health and safety systems;
- ISO 14001 was re-secured for the environmental monitoring systems;
- revision and reissue of the Museum's risk management policy and guidance, supported by departmental discussions;

- refresher presentations, on key museum policies, including fraud awareness and prevention, have taken place, attended by managers and key staff;
- identifying and managing risks associated with holding sensitive and personal information.

Significant internal control matters arising the during year

No significant control failures occurred during the year.

Risks to data and information

Risks to data and information held by the Museum are owned and managed by individuals, responsible as information asset owners, and there is a Senior Information Risk Owner (SIRO) responsible for the information risk policy and risk assessment, and for ensuring that the Museum complies with the Cabinet Office protocols it has assessed as being appropriate for the management of information risk.

Specific actions taken during 2008-09 on the implementation of the Cabinet Office requirements on information risk management include:

- the appointment of a Senior Information Risk Owner;
- the development of a programme of work to ensure compliance, as assessed, with the Cabinet Office requirements on information risk management;
- the production and dissemination of an information risk policy;
- the production of an information asset list for those assets holding sensitive personal data, and the appointment of information asset owners;
- the establishment of a process to ensure that relevant third parties are aware of their responsibilities regarding information risk related to the Museum's sensitive personal data and that they are managing the risk satisfactorily.

During the year the Head of Audit and Assurance carried out a review on the adequacy and effectiveness of the internal controls in place for the effective management of information risk. The review noted that a sound framework of policies and procedures had been established and promulgated, that significant progress had been made in the implementation of the Cabinet Office requirements on information risk management, and that further actions were planned to ensure full compliance.

There were no sensitive personal data incidents during the year.

Review of effectiveness

We have responsibility for reviewing the effectiveness of the system of internal control and this review for 2008-09 has been informed by:

- (a) the work of the Audit and Assurance team, including the review of the controls in place for effective management of information risk;
- (b) an Office of Government Commerce Gateway review of the Darwin Centre Phase Two project;
- (c) assurance statements and reports from directors within the Museum who have responsibility for the development and maintenance of the internal control framework;
- (d) the Health and Safety manager's annual report to Trustees and the minutes of the Health and Safety committee meetings;
- (e) comments made by the external auditors in their management letter;
- (f) a peer review of the scientific and curation work of the Mineralogy department carried out by a visiting group;
- (g) the Individual Merit Promotion scheme run by the Biotechnology and Biological Sciences Research Council (BBSRC) which provides independent assurance on the quality of individual researchers employed by the Museum;
- (h) an independent review of the Museum's payroll provider which is carried out at 6 month intervals.

We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board of Trustees and the Audit and Risk Committee, and mechanisms to ensure continuous improvement are in place.

The Audit and Assurance Unit is responsible for examining and reporting on the adequacy and effectiveness of the risk management, control and governance processes. It takes a risk based approach to audits, working to a plan approved by the Audit and Risk Committee and operating to the HM Treasury internal audit standards. An annual report on audit activity, which includes an opinion on the adequacy and effectiveness of the risk management, and control framework is prepared by the Head of Audit and Assurance, considered by the Audit and Risk Committee and presented to the Accounting Officer and the Board of Trustees.

The effectiveness of the Audit and Assurance Unit was reviewed during the year by the Audit and Risk Committee. It was concluded that the Head of Audit of Assurance provided comprehensive annual assurance to the Audit and Risk Committee and that the work of the Audit and Assurance Unit was of a high standard.

The Audit and Risk Committee meets four times a year to receive reports on risk management and internal control issues from Audit and Assurance, and matters arising from external audits, and to review progress on the implementation of recommendations. The Chairman of the Audit and Risk Committee reports any matters arising directly to the Board of Trustees.

Oliver Stocken
Chairman of the Board of Trustees

14 July 2009

Dr. Michael Dixon
Director

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the consolidated financial statements of the Natural History Museum for the year ended 31 March 2009 under the Museums and Galleries Act 1992. These comprise the consolidated Statement of Financial Activities, the consolidated Balance Sheet and Museum Balance Sheet, the consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Director and Auditor

The Board of Trustees and the Director as Accounting Officer are responsible for preparing the Annual Report which includes the Remuneration Report and the financial statements in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture, Media and Sport's directions made thereunder and for ensuring the regularity of financial transactions funded by Parliament. These responsibilities are set out in the Statement of the Board of Trustees' and Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture, Media and Sport's directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Reference and Administrative Details, Structure, Governance and Management, and Financial Review 2008-09 included within the Trustees' Annual Report is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Natural History Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Natural History Museum's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Natural History Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. This information comprises the Objectives and Activities and the Performance Indicator Information contained in the Trustees' Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Natural History Museum and the group's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to

the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport, of the state of the Natural History Museum's and the group's affairs as at 31 March 2009 and of the incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture, Media and Sport's directions made thereunder; and
- information, which comprises the Reference and Administrative Details, Structure, Governance and Management, and the Financial Review 2008-09, included within the Trustees' Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

15 July 2009

Consolidated Statement of Financial Activities for the year ended 31 March 2009

	Notes	Unrestricted Funds Designated £ 000	Unrestricted Funds General £ 000	Restricted Funds £ 000	Permanent Endowment Funds £ 000	Total Funds 2009 £ 000	Total Funds 2008 £ 000
Incoming resources							
Incoming resources from generated funds							
Voluntary income							
Grant in aid	3		47,220	4,399		51,619	45,375
National Lottery				3,540		3,540	8,882
Donations		76	315	1,918		2,309	7,793
Donations in kind				188		188	192
Activities for generating funds:							
Trading Activities	4		11,982			11,982	11,463
Sponsorships						0	125
Shared services		1,981				1,981	1,589
Other income	5	3	570	351		924	878
Investment income	5	56	644	61		761	1,210
Incoming resources from charitable activities							
Admissions and membership			2,078			2,078	1,504
Scientific grants and contracts			1,104	3,481		4,585	4,372
Total incoming resources		2,116	63,913	13,938	0	79,967	83,383
Resources expended							
Costs of generating funds							
Costs of generating voluntary income	7	1,488	6,537	269		8,294	6,286
Fundraising trading: cost of goods sold and other costs		2,031	7,868	0		9,899	9,148
Charitable activities							
Exhibitions	7	875	6,222	712		7,809	8,179
Learning	7	546	2,448	273		3,267	2,846
Libraries	7	545	4,144	63		4,752	4,450
Scientific curation and research	7	3,708	19,468	4,899		28,075	25,169
Visitor services	7	1,397	8,314	176		9,887	9,798
Governance costs	7	82	377	9		468	402
Other resources expended							
Loss on disposal of fixed assets	7		101			101	34
Total resources expended		10,672	55,479	6,401	0	72,552	66,312

	Notes	Unrestricted Funds Designated £ 000	General £ 000	Restricted Funds £ 000	Permanent Endowment Funds £ 000	Total Funds 2009 £ 000	Total Funds 2008 £ 000
Net incoming/(outgoing) resources before notional costs		(8,556)	8,434	7,537	0	7,415	17,071
Notional cost of capital	1		(14,762)			(14,762)	(16,055)
Net incoming/(outgoing) resources after notional costs		(8,556)	(6,328)	7,537	0	(7,347)	1,016
Reversal of notional cost of capital	1		14,762			14,762	16,055
Net (outgoing)/incoming resources before transfers	6	(8,556)	8,434	7,537	0	7,415	17,071
Transfers							
Gross transfers between funds	17	9,755	(9,755)			0	0
Net (outgoing)/incoming resources before other recognised gains and losses		1,199	(1,321)	7,537	0	7,415	17,071
Other recognised gains/losses							
(Losses)/gains on indexation and revaluation of fixed assets for charity's own use	8	(86,281)		2,133		(84,148)	22,829
(Losses) on investment assets	9	(127)		(4)	(161)	(292)	(180)
Net movement in funds		(85,209)	(1,321)	9,666	(161)	(77,025)	39,720
Reconciliation of funds							
Total funds brought forward		467,616	3,822	62,006	662	534,106	494,386
Total funds carried forward	17	382,407	2,501	71,672	501	457,081	534,106

All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period.

All recognised gains and losses are included in these accounts and the Museum has no recognised gains or losses other than the above.

The notes on pages 29 to 48 form part of these accounts.

Consolidated Balance Sheet as at 31 March 2009

	Note	2009		2008	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	8		443,420		521,345
Investments	9		893		1,185
<i>Total fixed assets</i>			444,313		522,530
Current Assets					
Stock	11	610		521	
Debtors	12	6,573		7,451	
Cash at bank and in hand	13,14	24,686		14,981	
<i>Total current assets</i>		31,869		22,953	
Liabilities					
Creditors: amounts falling due within one year	15	(18,706)		(10,848)	
<i>Net Current Assets</i>			13,163		12,105
<i>Total assets less current liabilities</i>			457,476		534,635
Creditors: amounts falling due after more than one year					
Provision for liabilities and charges	20		(395)		(529)
<i>Net assets</i>			457,081		534,106
The funds of the charity					
Permanent Endowment funds	17		501		662
Restricted income funds	17		71,672		62,006
Unrestricted income funds					
Designated funds	17	382,407		467,616	
General funds	17	2,501		3,822	
<i>Total unrestricted funds</i>			384,908		471,438
<i>Total charity funds</i>	17		457,081		534,106

The notes on pages 29 to 48 form part of these accounts.

Mr Oliver Stocken
Chairman of the Board of Trustees

Dr. Michael Dixon
Director

14 July 2009

Museum Balance Sheet as at 31 March 2009

	Note	2009		2008	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	8		443,136		521,153
Investments	9		198		202
<i>Total fixed assets</i>			443,334		521,355
Current Assets					
Stock	11	157		127	
Debtors	12	4,594		5,991	
Cash at bank and in hand	13,14	24,032		14,371	
<i>Total current assets</i>		28,783		20,489	
Liabilities					
Creditors: amounts falling due within one year	15	(15,862)		(8,692)	
<i>Net Current Assets</i>			12,921		11,797
<i>Total assets less current liabilities</i>			456,255		533,152
Creditors: amounts falling due after more than one year					
Provision for liabilities and charges	20		(395)		(529)
<i>Net assets</i>			455,860		532,623
The funds of the charity					
Restricted income funds			71,672		62,006
Unrestricted income funds					
Designated funds		381,510		466,710	
General funds		2,678		3,907	
<i>Total unrestricted funds</i>			384,188		470,617
<i>Total charity funds</i>			455,860		532,623

The notes on pages 29 to 48 form part of these accounts.

Mr Oliver Stocken
Chairman of the Board of Trustees
14 July 2009

Dr. Michael Dixon
Director

Consolidated Cash Flow Statement for the year ended 31 March 2009

	Note	2009 £000	2008 £000
Net cash inflow from operating activities	19	24,243	23,850
Returns on investments and servicing of finance within net cash flow	19	761	1,210
Capital expenditure and financial investment	19	(15,299)	(32,877)
Increase/(decrease) in cash in the period	19	9,705	(7,817)

The notes on pages 29 to 48 form part of these accounts.

Notes to the Financial Statements

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified for the inclusion of certain fixed assets at their value to the business by reference to current costs and of investments at market value. The accounts comply with the requirements of the Companies Act 1985, the Statement of Recommended Practice 2005 on 'Accounting by Charities' and applicable accounting standards as modified by the Accounts Direction given by the Secretary of State for Culture, Media and Sport, with the approval of H.M.Treasury.

Consolidated accounts have been prepared for the Museum which include the Grant-in-Aid account, trust funds administered by the Museum, and its subsidiary company, The Natural History Museum Trading Company. They do not include accounts for the American Friends of the Natural History Museum which is a fund raising organisation based in the USA.

Incoming resources

All income is accounted for on a receivable basis and is net of Value Added Tax.

Grant-in-Aid from the Department for Culture, Media and Sport is shown in its entirety in the Statement of Financial Activities. Grant-in-aid for specific projects or activities is credited to Restricted Funds and all other Grant-in-aid income is credited to General Funds. However, within the Statement of Funds (Note 17), Grant-In-Aid income allocated to capital expenditure other than specific projects is transferred from General Funds to Unrestricted Designated Funds and Grant-In-Aid income allocated to acquisitions for the collection is transferred from General Funds to Restricted Funds.

Grants and other income that are awarded subject to specific performance conditions, including scientific grants and income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met and, where appropriate, income is deferred accordingly.

Donations in kind are recognised when received and valued at their value to the Museum. Donations of unquoted shares are recognised only when a value can be attributed with reasonable certainty, either on sale or on floatation on a recognised stock market. The contribution of volunteers is excluded from the Statement of Financial Activities as the value of their contribution cannot be reasonably quantified in financial terms.

Expenditure

Expenditure has been classified according to the main activities of the Museum and aggregates all costs related to each activity. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of resources. Support costs are allocated according to the number of permanent staff directly employed in each activity as an appropriate measure of the use of these resources by activity.

Costs of generating voluntary income include all costs associated with the development of the museum's non-scientific income and in particular, support the generation of donations, income from trading activities, admissions, membership and sponsorship. No meaningful allocation of this expenditure across these income sources is possible.

Governance costs are the costs associated with the governance arrangements of the charity and are made up of internal audit, external audit and Trustees' costs.

Collection Purchases

Prior to financial year 2001/02, as the value of the collection was considered to be incalculable, no amount was included for collection purchases in the published Balance Sheets. From financial year 2001/02 onwards, new collection acquisitions are accounted for as non-depreciable assets at acquisition value.

Donated assets are included in the Statement of Financial Activities as incoming and expended resources at the value determined by experts in the relevant field.

Equipment/Furniture and Fittings' indexation by appropriate indices.

Exhibitions are not revalued but are stated at historic depreciated cost.

Since 1 April 2001 collections acquisitions have been capitalised at historic cost. They are not depreciated nor revalued as a matter of routine.

Tangible fixed assets with an original cost of under £5,000 are written off in the year of acquisition.

Capital expenditure on permanent exhibitions includes only the cost of materials and externally contracted services. No allocations are made of related internal labour costs.

Heritage assets

Since 1 April 2001, collections acquisitions have been capitalised at historic cost and included in tangible fixed assets.

The Museum's collections acquired before 1 April 2001 are assets of historical and scientific importance held to advance the Museum's conservation and educational objectives and through public access contribute to the nation's culture and education. These assets were not capitalised in past accounting periods, reliable cost information is not available and conventional valuation approaches lack sufficient reliability. Accordingly these assets are not capitalised in the balance sheet. A description of the collections and their management is given in note 2.

Investments

Investments are stated at market value. It is the Museum's policy to keep valuations up to date such that when investments are sold there is no accounting gain or loss arising. As a result the Statement of Financial Activities only includes those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year.

Market value is taken to be the middle market price ruling at the balance sheet date.

Financial instruments

The Museum does not hold any complex financial instruments. The only financial instruments included in the accounts are cash, receivables and payables (Notes 12,13 and 14). Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the Museum will be unable to collect an amount due in accordance with agreed terms.

Stocks

Stocks are stated at the lower of cost price or net realisable value and consist of goods for resale and work in progress.

Leases

The Museum has no finance leases. Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease. Forward liabilities are disclosed in Note 16.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rate at the time of the transaction. All exchange differences are taken to the Statement of Financial Activities.

Taxation

The charitable activities of the Museum are exempt from corporation tax. Profits from trading activities within the trading subsidiary are subject to corporation tax to the extent that they are not paid to the Museum by gift aid. The Museum and its subsidiaries are registered for value added tax and have agreed a scheme for recovery of certain proportions of VAT on expenditure.

Subscriptions

Subscriptions for the purchase of scientific periodicals are treated as expenditure in the period in which the final commitment to a subscription is placed. This may be in advance of the period in which actual delivery occurs.

Pension Costs

The operating costs of providing retirement benefits are recognised in the accounting periods in which the benefits are earned by the employees, and the related costs and changes in value of the assets and liabilities are recognised in the accounting period in which they arise.

Staff of the Museum are employed under the same conditions of service as civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is unfunded, and within which the Natural History Museum is unable to identify its share of the underlying assets/liabilities. Although the scheme is a defined benefit scheme, liability for the payment of future benefits is a charge to the PCSPS. The Museum, and other bodies covered by the PCSPS, meet the cost of the pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

The Museum is required to meet the cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Museum provides in full for this cost when the early retirement has been announced and is binding on the Museum.

Notional Cost of Capital

In accordance with Treasury guidance, notional cost of capital are charged in the Statement of Financial Activities in arriving at a net incoming/(outgoing) resources figure. These are reversed so that no provision is included on the balance sheet.

Notional cost of capital is calculated as 3.5% of the average capital employed by the Museum in the year but excluding donated assets and assets funded by the Heritage Lottery Fund.

Provision for Shared Services

During 2008-09 the Museum supplied electricity and heating to the Victoria and Albert Museum, and telephone services to the Science Museum. The costs of these supplies are recharged on a not-for-profit basis. Each type of supply is accounted for separately and is ringfenced within the accounts. The funds accumulated for the replacement of the facilities are shown as restricted funds titled Equipment Reserve.

Contributions to and releases from the Equipment Reserve are shown in the Statement of Financial Activities, Restricted Funds and Note 17.

2 Collections and collections management

Introduction

The Natural History Museum's mission is to maintain and develop its collections and use them to promote the discovery, understanding, responsible use and enjoyment of the natural world.

Scope of the collections

The life and earth science collections of the Museum comprise some 70 million specimens or items. These collections cover virtually all groups of animals, plants, rocks, meteorites, minerals and fossils. They represent the natural variation that exists within and between groups. These collections of specimens are complemented by the collections of the Museum's Library. The foundation collections were those of Sir Hans Sloane, which formed the basis of the British Museum in 1753. Very brief details of the collections of each of the Museum's five science departments and the Library are given below.

Botany

The botanical collections comprise an estimated 5.2 million specimens of seed plants, pteridophytes, bryophytes, lichens, myxomycetes and algae (including substantial diatom collections). Collections are worldwide in origin with around 10% from the British Isles. They span a period from the 16th century to the present and include a number of historically important collections such as those of Sir Hans Sloane, Sir Joseph Banks and Charles Darwin. Most collections are arranged systematically, some alphabetically and important historical collections such as the Sloane Herbarium are kept as separate entities.

Entomology

The collections of insects and other terrestrial and freshwater arthropods, including spiders, mites and myriapods, comprise an estimated 28 million prepared specimens. They include named representatives of about half of the more than one million described species. The collections are arranged systematically; only two personal

collections, those of Sir Hans Sloane and Sir Joseph Banks, are kept as separate entities as a matter of policy. About 10% of the specimens in the collections are from the British Isles.

Library and Information services

The Museum's Library houses the World's largest collection of natural history literature and art. The collections have a comprehensive coverage of most aspects of natural history and are international in content. They include over one million printed volumes and 25,000 serial titles (10,000 current). The Library has a very large and rich international collection of important natural history antiquarian books, manuscripts and original artworks dating from the 15th century onwards. It also holds the Museum's Archives, a collection of some four million items that represent the institution's 'corporate memory': a record of its activities and interaction with the world of natural history.

Mineralogy

The collections comprise four main elements: minerals, including gems, (about 180,000 specimens), rocks, including building stones and ocean bottom deposits, (about 160,000 specimens), meteorites (about 3,000 specimens) and ores (about 30,000 specimens). The minerals collection is arranged systematically and contains examples of about two thirds of all known mineral species. Historical material includes specimens collected by the Challenger expedition, Captain Flinders, Shackleton and the British mineral collection of Sir Arthur Russell.

Palaeontology

The collections comprise microfossils, macro-invertebrates, vertebrates and plants, with an estimated 116,000 type and figured specimens. The geographical range is worldwide, with British material predominant and well represented, and extensive foreign material, especially from ex-colonial areas, and regions of economic importance. The collections are arranged systematically. Some of the collections are historical, for example, Charles Darwin, William Smith, Charles Dietrich Eberhard Koenig, Gideon Mantell, Sir Charles Lyell, Captain Scott.

Zoology

The collections comprise some 28 million specimens, housed at South Kensington, Tring and Wandsworth. They include a remarkable diversity of material from whales to protists, prepared as wet or dry preserved specimens, frozen tissue samples, or mounted on slides. The specimens are arranged systematically where possible and include recent and archaeozoological material. The collections have worldwide coverage and are amongst the most comprehensive in the world. In addition to their immense value for systematic biology, they have historic importance as documents from famous voyages of discovery and the work of eminent biologists of the past two centuries.

The vast majority of items in the science collections serve research and reference functions and have not been collected with public exhibition in mind. Relatively, very small numbers of specimens are collected and specially prepared for exhibition.

Almost all of the Museum's collections are the National (UK) Collections in their particular fields. However, the Museum recognises that the natural history heritage of the UK is preserved and studied in a network of British museums, libraries and other institutions in both the public and private sectors. It exercises its responsibility as the national institution through formal and informal agreements and links with a variety of other bodies. On a global level, the collections are probably the most comprehensive of their kind. Although a few other institutions have equally large holdings, those of the Museum's are unrivalled in the depth and breadth of their coverage and in the level of their organisation. The Museum is thus one of a handful of institutions that are the international reference points for the science of taxonomy and related biodiversity studies.

Geographical limits

The collections are worldwide in their scope.

Chronological limits

There are no chronological limits to the collections; they cover a period from the origin of the solar system up to today. Historically, the collections comprise material collected over a period from the fifteenth century to the present day and include specimens gathered on many famous expeditions of discovery and the collections of numerous eminent scientists.

Preservation of materials and preservation standards

In broad terms, the science collections use three main ways of preservation: dry (usually pressed, pinned, boxed, articulated skeletons, disarticulated skeletons, study skins or mounted), in fluid (primarily in alcohol, as Industrial Methylated Spirit), or at extreme low temperatures (for example, in freezers at -80 deg C).

The preservation of items in the collections is influenced by practical considerations and contemporary developments. The NHM is always open to new possibilities of exploiting information in specimens and the need to develop and exploit new methods of preservation. For example, cryopreservation, at extremely low temperatures, is increasingly being used for tissue samples and whole specimens, in order to preserve DNA and other bio-molecules.

The Museum does not maintain any cultures of live organisms as part of its permanent collections. The Museum, however, does maintain such cultures as part of ongoing, long-term research programmes.

The Museum aims to preserve its paper-based collections in the best environmental conditions it can achieve, aspiring to BS5454 provisions for its archives and manuscript collections wherever possible.

The Museum meets the government-endorsed standard expected of museums in the UK, as it is a Registered Museum under the MLA Registration/Accreditation Scheme.

Collections management policy

The Museum has a comprehensive series of policies covering all aspects of the collections and their management. These are publicly available on the museum website (<http://www.nhm.ac.uk/research-curation/collections/collections-management/collections-policy-procedures/index.html>) and upon written request for public unable to access them online. Of particular importance for this report are the Acquisition Policy, Collection Management Audit Policy, Deaccession, Disposal and Dispersal Policy and the Valuation Control Policy.

Disposal is only permitted within the limits of British Museum Act (1963) and the NHM Deaccession, Disposal and Dispersal Policy and any money raised must be used to purchase items to be added to the collection.

Valuation

Natural History specimens are acquired by the Museum primarily for their scientific value and also their scientific research potential. As there is no ready commercial market for scientific natural history specimens the Museum's approach to valuation is based on the pragmatic adoption of theoretical valuation factors. However any valuation is completed within the confines of the Museum's Valuation Control Policy and the valuation methodologies outlined in the Museum's Valuation Control General Procedures.

Historically, for the reason above, the NHM has never assigned a financial value to its natural history specimens. A full valuation of its entire inventory (70+ million items) is considered impractical, lacking in reliability and of no significant benefit.

3 Grant-in-Aid

	2009	2008
	£000	£000
Department for Culture, Media and Sport		
Resource grant-in-aid	43,270	41,840
Capital grant-in-aid	7,850	3,250
Invest to save fund	499	285
	51,619	45,375
General Funds	47,220	43,840
Restricted Funds	4,399	1,535
	51,619	45,375

Grant-in-Aid income credited to General Funds is available for running costs, capital improvements and collection purchases. Grant-in-Aid income credited to Restricted Funds is available only for specific projects defined in the grant conditions by the Department for Culture, Media and Sport.

The Museum acts as lead partner for activities under the Invest to save fund. In 2008-09 the Museum received £52,887,000 grant-in-aid of which £1,268,000 will be paid to Invest to save fund partners on behalf of the programme and therefore the Museum has not recognised this amount within its grant-in-aid income.

4 Trading activities income

	2009	2008
	£000	£000
Brand Management	248	189
Retail	5,698	4,963
Catering and Functions	3,231	3,883
Exhibitions and Education	45	471
Touring Exhibitions	1,072	877
Robotic model sales	470	199
Other	1,218	881
	11,982	11,463

This reconciles to the Trading Company income in Note 10 as follows:

Trading subsidiary turnover	12,345	12,262
Less: Science consultancy (included in Scientific grants and contracts)	(1,104)	(1,151)
Commercial sponsorship (included in Sponsorship)	0	(125)
Add: Other trading activities income (Museum income)	741	477
	11,982	11,463

5 Investment income and other income

	2009	2008
	£000	£000
Income from UK equities	29	26
Income from other investments	20	20
Bank interest	712	1,164
Total	761	1,210
Other Income		
Rentals	118	160
Other	806	718
	924	878

Investment income is shown inclusive of tax credits reclaimed in the year.

6 Net incoming resources before transfers

is stated after crediting:

	2009	2008
	£000	£000
Scientific grants from the European Union	1,344	1,244
and after charging:		
Expenditure in respect of scientific grants from the European Union	1,344	1,244
Auditors' remuneration – Museum auditors		
Museum Audit	51	46
other services	0	1
Auditors' remuneration – subsidiaries auditors		
Trading Company Audit	26	25
Special Funds Audit	1	1
other services	0	13
Hire of Plant and Machinery	345	356
Travel, subsistence and hospitality	1,456	1,262

Net incoming resources of the Museum only were £69,194,000 (2008 £73,766,000).

7 Total resources expended

	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total 2009 £000	Total 2008 £000
Costs of generating voluntary income	4,627		3,667	8,294	6,286
Fundraising trading: cost of goods sold and other costs	9,899			9,899	9,148
Exhibitions	5,654		2,155	7,809	8,179
Learning	1,922		1,345	3,267	2,846
Libraries	3,408		1,344	4,752	4,450
Scientific curation and research	19,326	338	8,411	28,075	25,169
Visitor services	6,444		3,443	9,887	9,798
Governance	272		196	468	402
Loss on disposal of fixed assets	101			101	34
	<u>51,653</u>	<u>338</u>	<u>20,561</u>	<u>72,552</u>	<u>66,312</u>

Costs of generating voluntary income include all costs associated with the development of the museum's non-scientific income and in particular, support the generation of donations, income from trading activities, admissions, membership and sponsorship. No meaningful allocation of this expenditure across these income sources is possible.

Total resources expended by the Museum only were £61,804,000 (2008 £56,732,000)

Support costs by activity

2008-09	Exhibitions £000	Generating voluntary income £000	Governance £000	Learning £000	Libraries £000	Scientific £000	Visitor services £000	Total £000
Management	178	302	16	111	111	694	284	1,696
Human Resources	159	271	14	99	99	621	254	1,517
Estates	869	1,481	80	543	543	3,395	1,390	8,301
Finance	126	214	11	78	78	491	201	1,199
Information Technology	144	244	13	90	90	560	229	1,370
Depreciation	679	1,155	62	424	423	2,650	1,085	6,478
	<u>2,155</u>	<u>3,667</u>	<u>196</u>	<u>1,345</u>	<u>1,344</u>	<u>8,411</u>	<u>3,443</u>	<u>20,561</u>

2007-08	Exhibitions £000	Generating voluntary income £000	Governance £000	Learning £000	Libraries £000	Scientific £000	Visitor services £000	Total £000
Management	152	152	6	77	89	500	268	1,244
Human Resources	196	196	8	99	114	645	345	1,603
Estates	729	729	27	370	427	2,409	1,291	5,982
Finance	117	117	5	59	68	386	206	958
Information Technology	152	152	6	77	89	500	268	1,244
Depreciation	770	770	30	390	450	2,541	1,360	6,311
	<u>2,116</u>	<u>2,116</u>	<u>82</u>	<u>1,072</u>	<u>1,237</u>	<u>6,981</u>	<u>3,738</u>	<u>17,342</u>

All support costs are allocated according to the number of permanent staff directly employed in each activity as an appropriate measure of the use of these resources by activity.

Staff costs

	2009 Permanent contracts £000	2009 Other contracts £000	2009 Total £000	2008 Total £000
Salaries and Wages	22,722	2,881	25,603	25,067
Superannuation	4,541	343	4,884	4,780
National Insurance	1,769	228	1,997	1,957
Cost of agency staff		3,249	3,249	3,030
	<u>29,032</u>	<u>6,701</u>	<u>35,733</u>	<u>34,834</u>

Included in the above staff costs are redundancy costs of £113,000 (2008: £287,000).

In addition there were early retirement costs of £86,000 (2008: £43,000).

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but the Museum is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details are available in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk

For 2008-09, employers' contributions were payable to the PCSPS at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 may opt to open a partnership pension account, a stakeholder pension with an employer contribution.

The Chairman and Board of Trustees received no remuneration for their services during the year (2008 £nil). Travel and subsistence expenses of £2,031 (2008 £671) were reimbursed to 3 Trustees.

The Remuneration of the senior management of the Museum, including details of bonuses and pensions, are disclosed in the Remuneration Report on pages 15 to 18.

The following number of senior employees, including the senior management, received remuneration falling within the ranges below:

	2009	2008
£160,000 to £170,000	1	1
£150,001 – £160,000	0	0
£140,001 – £150,000	0	0
£130,001 – £140,000	0	0
£120,001 – £130,000	0	0
£110,001 – £120,000	2	1
£100,001 – £110,000	1	2
£90,001 – £100,000	0	0
£80,001 – £90,000	2	1
£70,001 – £80,000	9	8
£60,001 – £70,000	7	9

The total pensions contributions payable for the senior employees included above, all of whom were members of the PCSPS, were £408,762 (2008 £390,997).

No employees received any benefit in kind except as disclosed in the Remuneration Report.

The average number of employees during the year was 915 (2008 904) organised into the following categories:

	2009 Permanent contracts	2009 other contracts	2009 Total	2008 Total
Costs of generating voluntary income	74	6	80	83
Exhibitions	60	19	79	79
Learning	38	7	45	43
Libraries	38	23	61	53
Scientific curation and research	237	75	312	303
Visitor services	112	98	210	216
Governance	5	0	5	4
Support	80	43	123	123
	<u>644</u>	<u>271</u>	<u>915</u>	<u>904</u>

8 Tangible Fixed Assets

Group	Land & Buildings	Plant & Machinery	Assets under construction	Collections	Permanent Exhibitions	Furniture & Fittings	Equipment	Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Value									
Balance 1 April 2008	404,067	76,718	54,324	1,215	22,474	6,037	13,138	15	577,988
Additions	595	122	11,368	267	1,098	362	1,487		15,299
Disposals						(190)	(925)		(1,115)
Revaluation	(104,854)	(15,358)	55			499	609		(119,049)
Transfers in/out	38,000	16,720	(56,058)			977	361		0
Balance 31 March 2009	<u>337,808</u>	<u>78,202</u>	<u>9,689</u>	<u>1,482</u>	<u>23,572</u>	<u>7,685</u>	<u>14,670</u>	<u>15</u>	473,123
Depreciation									
Balance 1 April 2008	9,159	20,314			15,470	3,300	8,385	15	56,643
Charge for year	2,045	4,888			1,208	536	1,154		9,831
Disposals						(190)	(817)		(1,007)
Revaluation	(11,204)	(25,202)				272	370		(35,764)
Balance 31 March 2009	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,678</u>	<u>3,918</u>	<u>9,092</u>	<u>15</u>	29,703
Net Book Value 31.3.08	<u>394,908</u>	<u>56,404</u>	<u>54,324</u>	<u>1,215</u>	<u>7,004</u>	<u>2,737</u>	<u>4,753</u>	<u>0</u>	521,345
Net Book Value 31.3.09	<u>337,808</u>	<u>78,202</u>	<u>9,689</u>	<u>1,482</u>	<u>6,894</u>	<u>3,767</u>	<u>5,578</u>	<u>0</u>	443,420

Land and Buildings includes the Walter Rothschild Museum at Tring, residential properties at Tring, premises at Kimber Road, London SW18, and the main Museum site at South Kensington. The freehold interest in the South Kensington site was transferred to the Trustees by the Secretary of State for the Environment, Transport and the Regions in August 2001. In accordance with Treasury Guidance all land and building assets (including Darwin Centre Phase Two shown above as assets under construction) were revalued on a depreciated replacement cost basis at 31 March 2009. The valuation was performed by Gerald Eve, Chartered Surveyors, in accordance with the RICS Appraisal and Valuation Manual (the red book).

The professional valuations at 31 March 2009 were as follows:

Property	Value 31 March 2009 £000	Basis of Valuation
The Natural History Museum, South Kensington	395,250	Land at market rate for restricted use, buildings at depreciated replacement cost
Natural History Museum at Tring	12,050	Land at market rate for restricted use, buildings at depreciated replacement cost
Residential properties, Tring	1,790	Existing use basis
Premises at Kimber Road, Wandsworth, London	8,300	Existing use basis and depreciated replacement cost. Freehold purchase 1991.

The valuers were of the opinion that the valuation of the premises at Kimber Road, Wandsworth, at market value for general storage and distribution would be significantly lower than the valuation at existing use value, reflecting specialist adaptations for the storage of Museum collections at the property. The specialist adaptations are not likely to have any value for a prospective purchaser. The valuers have stated their opinion that the market value of the main museum site at South Kensington would be significantly lower than the depreciated replacement cost value reported because of the restrictive covenants contained in the Museum's title. For all other properties, the valuers considered that the difference between market value and the stated value would not be significant.

Expenditure which has been incurred for Darwin Centre Phase Two is shown as Assets Under Construction. At 31 March 2009, the value of completed works has been transferred to the appropriate asset class and depreciation will commence from 1 April 2009. The remaining balance in assets under construction relates to the fit out of the public offer space and will be transferred on completion.

Fixture and fittings, and equipment assets have been revalued using an appropriate index from the National Statistics Office. No indexation has been applied to permanent exhibitions as management consider that there is no material difference between current cost and actual cost. The life of these assets is reviewed annually to reflect their true value.

2009 2008
£000 £000

The current cost depreciation shown above is charged in the Statement of Financial Activities (page 25) as follows:

Historic cost depreciation included in Total resources expended	8,975	8,633
Depreciation arising on indexation of assets included in Gains/(losses) on indexation and revaluation of fixed assets for charity's own use	856	1,161
	9,831	9,794

Museum	Land & Buildings	Plant & Machinery	Assets under construction	Collections	Permanent Exhibitions	Furniture & Fittings	Equipment	Vehicles	Total
Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance 1 April 2008	404,067	76,718	54,324	1,215	22,474	5,935	12,841	15	577,589
Additions	595	122	11,368	267	1,098	296	1,412		15,158
Disposals						(190)	(923)		(1,113)
Revaluation	(104,854)	(15,358)	55			499	609		(119,049)
Transfers in/out	38,000	16,720	(56,058)			977	361		0
Balance 31 March 2009	<u>337,808</u>	<u>78,202</u>	<u>9,689</u>	<u>1,482</u>	<u>23,572</u>	<u>7,517</u>	<u>14,300</u>	<u>15</u>	472,585
Depreciation									
Balance 1 April 2008	9,159	20,314	0	0	15,470	3,230	8,248	15	56,436
Charge for year	2,045	4,888			1,208	527	1,113		9,781
Disposals						(190)	(814)		(1,004)
Revaluation	(11,204)	(25,202)				272	370		(35,764)
Balance 31 March 2009	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,678</u>	<u>3,839</u>	<u>8,917</u>	<u>15</u>	29,449
Net Book Value 31.3.08	<u>394,908</u>	<u>56,404</u>	<u>54,324</u>	<u>1,215</u>	<u>7,004</u>	<u>2,705</u>	<u>4,593</u>	<u>0</u>	521,153
Net Book Value 31.3.09	<u>337,808</u>	<u>78,202</u>	<u>9,689</u>	<u>1,482</u>	<u>6,894</u>	<u>3,678</u>	<u>5,383</u>	<u>0</u>	443,136

9 Investments

	Market Value 31 March 2008 £000	Decrease in market value £000	Market Value 31 March 2009 £000
Group			
UK Equities	742	(267)	475
Other UK investments	443	(25)	418
	<u>1,185</u>	<u>(292)</u>	<u>893</u>
Museum			
UK Equities	202	(4)	198
	<u>202</u>	<u>(4)</u>	<u>198</u>

The equities based investments of the Special Funds are in UK Equities and Other UK Investments and are subject to income and capital growth risk in line with equity market conditions in general and with the underlying individual equities specifically.

The Museum has an investment of 300,000 fully paid Ordinary Shares of £1 in the Natural History Museum Trading Company Ltd, valued at £198,000 in its Balance Sheet.

10 Trading Subsidiary

The Museum owns the whole of the issued shared capital of The Natural History Museum Trading Company, a company registered in England and Wales. The company's principal activities are retailing, catering, banqueting, touring exhibitions, consultancy, image sales, licensing and the organisation of commercial promotions.

Trading Company profits are transferred to the Museum, as a charity, under a Gift Aid declaration to achieve relief from Corporation Tax.

A summary of the results of the subsidiary is shown below:

	Total 2009 £000	Total 2008 £000
Income and expenditure		
Turnover	12,345	12,262
Cost of sales	(5,625)	(5,147)
Gross profit	6,720	7,115
Other expenses	(5,092)	(4,401)
Operating profit	1,628	2,714
Interest receivable and similar income	4	9
Amount of gift-aided donation to Museum	(1,632)	(2,709)
Profit on ordinary activities before taxation	0	14
Taxation	0	0
Retained in subsidiary	0	14
	2009 £000	2008 £000
Balance Sheet		
Fixed assets (equipment)	284	192
Current assets	2,932	3,089
Current liabilities	(2,916)	(2,981)
Net assets	300	300
Share capital and reserves	300	300

11 Stock

	Group 2009 £000	Group 2008 £000	Museum 2009 £000	Museum 2008 £000
Finished goods and goods for resale	578	502	125	108
Work in progress	32	19	32	19
	610	521	157	127

12 Debtors

	Group 2009 £000	Group 2008 £000	Museum 2009 £000	Museum 2008 £000
Trade Debtors	2,743	2,270	1,014	529
Other Debtors	1,113	1,614	1,112	1,560
Amounts due from Subsidiary undertaking	0	0	69	822
Prepayments and accrued income	2,717	3,567	2,399	3,080
	6,573	7,451	4,594	5,991

Included in the above figures there were balances due from other central government bodies of £575,000 (2008 £329,000) and due from local authorities of £16,600 (2008 £14,300) at 31 March 2009.

	Group 2009 £000	Group 2008 £000	Museum 2009 £000	Museum 2008 £000
Debtors includes the following financial instruments:				
Gross trade debtors	3,605	2,826	1,014	541
less: provision for impairment	(862)	(556)	0	(12)
	2,743	2,270	1,014	529
Other debtors	312	338	311	284
Amounts due from subsidiary undertaking	0	0	69	822
	3,055	2,608	1,394	1,635

As the Museum receives a substantial part of its income from the Department for Culture, Media and Sport, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of similar size. None of the above financial instruments are complex or play a significant medium to long-term role in the financial profile of the Museum. Trade debtors include amounts due to the Museum in foreign currency, mostly US dollar and Euro, which are not significant to the overall financial risk of the Museum.

	£000
The age profile of non-impaired trade debtors is as follows:	
Not due	1,305
up to 30 days past due	393
30-60 days past due	454
Over 60 days past due	591
	<u>2,743</u>

13 Cash at bank and in hand

	Group 2009 £000	Group 2008 £000	Museum 2009 £000	Museum 2008 £000
Balances held at the office of HM Paymaster General	22,883	107	22,841	92
Balances held with commercial banks and cash in hand	1,803	14,874	1,191	14,279
	24,686	14,981	24,032	14,371

Included in the above are balances in Euro of £5,259,000 (2008 £2,321,000) These balances do not expose the Museum to any significant exchange rate risk as they are held in connection with grants received from the European Union for onward payment to project partners where both incoming and outgoing payments are made in Euros.

During the year, cash surplus to daily requirements was either deposited at the offices of HM Paymaster General or invested in fixed rate sterling or Euro term deposits offered by leading UK and European financial institutions. Interest was achieved generally on term deposits to within 0.25% of UK base rate or to within 0.6% of the European Central Bank refinancing rate at the time of deposit, and deposits were timed to mature when there was a requirement to pay suppliers, salaries and project partners. Cash may only be invested with financial institutions which have adequate credit ratings in accordance with the Museum's Investment Policy, and the maximum aggregate investment with any single financial institution is limited to the lower of 25% of total funds available for investment or £5 million. In the event of financial failure at a financial institution at which the Museum holds term deposits, the Museum would be exposed to the risk of losing the investments.

14 Cash held for third parties

Included in the cash balances (note 13) are funds which the Museum holds on behalf of third parties. These funds arise where the Museum acts as lead manager on grants, receiving funds from the grantor and distributing them to participants over the life of the funded projects. The funds are held separately from Museum assets where specified by the grantor and invested in money market deposits in accordance with the Museum's investment policy (see note 9). The Museum is responsible for safe custodianship of these funds and bears the risk of any loss of the cash balances. At 31 March 2009 the cash balances held for third parties amounted to £3,290,000 (2008 £2,310,000).

15 Creditors: amounts falling due within one year

	Group 2009 £000	Group 2008 £000	Museum 2009 £000	Museum 2008 £000
Trade Creditors	4,162	2,528	3,698	2,313
Taxation and Social Security	19	0	0	0
Other Creditors	1,920	1,290	1,892	1,283
Deferred income	7,535	2,968	6,219	1,934
Accruals	5,070	4,062	4,053	3,162
	18,706	10,848	15,862	8,692

Included in the above figures there were balances due to other central government bodies of £370 (2008 £1,000) and due to local authorities of £95,000 (2008 £506,000) at 31 March 2009.

Amounts classified above as Trade creditors and Other creditors fall within the definition of financial instruments. The Financial Memorandum between the Museum and the Department for Culture, Media and Sport prohibits the Museum from borrowing and accordingly financial instruments play a more limited role in creating risk than would apply to a non-public sector body of similar size. None of the above financial instruments are complex, play a significant medium to long-term role in the financial profile of the Museum or fall due in more than one year. Trade creditors include amounts due by the Museum in foreign currency, mostly Japanese Yen, US dollars and Euros, which are not significant to the overall financial risk of the Museum.

Deferred Income	Group 2009 £'000	Group 2008 £'000	Museum 2009 £'000	Museum 2008 £'000
As at 1 April	2,968	3,421	1,934	2,365
Deferred in Current Year	6,892	2,668	5,775	1,658
Released from previous Year	(2,325)	(3,121)	(1,490)	(2,089)
As at 31 March	7,535	2,968	6,219	1,934

Deferred income represents income received on contracts and performance related grants where the work required by the contract or the performance clauses of the grant has not been completed.

16 Financial Commitments

The Museum has entered into a series of contracts of between three and fifteen years duration to lease premises, vehicles and equipment for use in its operations. Total payments due in the next year of the contracts in place at 31 March 2009 is £767,000 (2008 £671,000). Payments by remaining duration of the lease is as follows:

	Land and buildings £000	Other assets £000	Total 2009 £000	Total 2008 £000
Not more than one year	0	6	6	10
More than one year but not more than two years	0	88	88	32
More than two years but not more than five years	40	39	79	119
More than five years	0	594	594	594

17 Statement of Funds

	At 1 April 2008 £000	Income £000	Expenditure £000	Net Investment Gains/ Losses £000	Revaluation/ Indexation £000	Transfers £000	At 31 March 2009 £000
Restricted funds							
Scientific Grants	0	4,132	(4,132)	0	0	0	0
Grant in aid	233	799	(511)	0	0	0	521
Sponsored assets							
Biomedical Laboratory	1,947	0	(106)	0	53	0	1,894
Clare Centre	796	0	(64)	0	5	0	737
Darwin Centre Phase Two	42,819	8,052	0	(4)	4	0	50,871
Collections	950	144	(15)	0	0	0	1,079
Tring	12,043	89	(393)	0	2,184	0	13,923
Exhibitions	2,610	0	(435)	0	0	0	2,175
Projects/Other Activities	437	534	(511)	0	0	0	460
Donations in kind	0	188	(188)	0	0	0	0
Equipment Reserve	171	0	(46)	0	(113)	0	12
	62,006	13,938	(6,401)	(4)	2,133	0	71,672
General Funds	3,822	63,913	(55,479)	0	0	(9,755)	2,501
	3,822	63,913	(55,479)	0	0	(9,755)	2,501
Unrestricted funds – designated							
Special Funds	716	56	(31)	(127)	0	0	614
Darwin Centre Phase Two	14,211	0	(510)	0	1	2,745	16,447
Projects/Other Activities	0	60	0	0	0	0	60
Shared services	0	1,981	(1,981)	0	0	0	0
Future Scientific Research	918	19	(265)	0	0	356	1,028
Future Projects	3,436	0	0	0	0	3,066	6,502
Capital Projects	448,335	0	(7,885)	0	(86,282)	3,588	357,756
	467,616	2,116	(10,672)	(127)	(86,281)	9,755	382,407
Permanent Endowment funds							
Special funds	662	0	0	(161)	0	0	501
	662	0	0	(161)	0	0	501
Total Funds	534,106	79,967	(72,552)	(292)	(84,148)	0	457,081

Special funds are a collection of 17 funds which have arisen from various legacies and donations to the Museum and which are administered by the Museum.

The transfer to Unrestricted Funds – designated: Darwin Centre Phase Two reflects the decision of the Trustees to designate £2,745,000 from the museum's own resources to the construction of phase two of the Darwin Centre.

The transfer to Unrestricted Funds – designated: Future Scientific Research reflects the decision of the Trustees to fund future scientific research from the Museum's own resources.

The transfer to Unrestricted Funds – Designated: Future projects reflects monies set aside to fund projects approved by the Trustees for the financial year 2009-10, not funded by revenues expected to be generated in that year.

The transfers to and from Unrestricted funds – Designated: Capital Projects reflect the acquisitions, net of disposals, of those assets which have been funded from the Museum's own resources during the year.

18 Analysis of group net assets between funds

	Designated Funds £000	General Funds £000	Restricted Funds £000	Permanent Endowment Funds £000	Total £000
Fund balances at 31 March 2009 are represented by					
Tangible Fixed Assets	374,205		69,215		443,420
Investments	392			501	893
Current Assets	7,812	21,600	2,457		31,869
Liabilities	(2)	(19,099)			(19,101)
Total Net Assets	382,407	2,501	71,672	501	457,081
Unrealised gains/(losses) included in the above:					
On Tangible Fixed Assets	121,045		4,822		125,867
Total unrealised gains/(losses) at 31 March 2009	121,045	0	4,822	0	125,867

19 Cash flow information

Reconciliation of operating surplus to net cash inflows from operating activities

	2009	2008
	£000	£000
Net incoming resources	7,415	17,071
Investment income	(761)	(1,210)
Depreciation	8,975	8,633
Loss on disposal of fixed assets	101	34
(Increase)/decrease in stock	(89)	24
Decrease in debtors	878	1,113
Increase/(decrease) in creditors	7,858	(1,846)
Net movement in provisions	(134)	31
Net cash inflow from operating activities	24,243	23,850
Returns on investments and servicing of finance within net cash flow		
Interest received	712	1,164
Investment income received	49	46
	761	1,210
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(15,299)	(32,878)
Receipts on sale of tangible fixed assets	0	1
	(15,299)	(32,877)
Changes in cash and cash equivalents		
Reconciliation of net cash flow to movement in net funds		
Increase/(decrease) in cash in the period	9,705	(7,817)
Net funds at 31 March 2008	14,981	22,798
Net funds at 31 March 2009	24,686	14,981

Analysis of net funds

	31 March 2008	Cashflow	31 March 2009
	£000	£000	£000
Cash at bank and in hand	<u>14,981</u>	<u>9,705</u>	<u>24,686</u>

20 Provision for liabilities and charges

The Museum has operated an early Retirement and Severance Scheme from 1990-91 which gives retirement benefits on redundancy terms to qualifying employees. Under this scheme the Museum bears the costs of these benefits until the normal retiring age. Provision is made for these costs in the year of retirement of the employee and released annually to cover payments made until the employee reaches normal retiring age. The provision covers a period to 2015.

The Museum employs a number of staff on fixed term appointments, the end date of which is usually determined by a funding agreement for the post. Under employment legislation, the Museum is liable to pay redundancy costs on the termination of these appointments unless the appointment is extended or alternative employment is offered. Provision is made for these costs when the contract is within 6 months of its termination and there is no reasonable certainty that the contract will be extended or replaced.

Details of these provisions and the movement on them is as follows:

	2009 £000	2009 £000	2009 £000 Total	2008 £000 Total
	Early retirement	Fixed term appointments		
Balance at 31 March 2008	334	195	529	498
Addition to Provision	95	107	202	243
Payments against Provision	(131)	(37)	(168)	(207)
Unwinding of discount	(9)	(159)	(168)	(5)
Balance at 31 March 2009	<u>289</u>	<u>106</u>	<u>395</u>	<u>529</u>

21 Capital Commitments

Outstanding capital commitments at 31 March 2009 amounted to £8.3m (2008 £5.5m).

22 Darwin Centre Phase Two

The Museum took possession of the core building from the main contractor BAM Construct UK Ltd (formerly HBG UK Ltd) on 29 August 2008. Fit out and occupation by staff and collections commenced thereafter. The building will open to the public in Autumn 2009.

At 31 March 2009 a total of £71.150m (2008 £59.273m) had been spent in respect of the project of which £65.691m (2008 £54.324m) had been capitalised. The remaining £5.459m has been charged to the income and expenditure account (including £4.949m in prior years). Total funds received for the project, restricted and designated, amounted to £72.772m and thus there was a working fund balance of £1.622m (2008 £2.707m) to fund future expenditure. Future expenditure will also be met from restricted funds which have been pledged but yet to be received, and designated funds already identified in Museum budgets over future years. It is estimated that the total funds required for the project will be c£78m.

23 Energy services and energy management services contract

On the 19th July 2006 a contract was signed between the Natural History Museum and Vital Energi Utilities Limited for the provision of energy services and energy management services at the Natural History Museum and the Victoria and Albert Museum. Under the contract Vital Energi Utilities Limited designed, supplied, installed, and commissioned plant and equipment to provide co-generation of electrical power and heating, and chilling services. They also are responsible for the on going operation and maintenance of the plant and equipment for a 15 year period commencing on 19 December 2006. At the end of the contract any equipment that comprises a fixture will automatically transfer to the Museum.

The accounting treatment which is to charge the monthly fee payable to Vital Energi Services Limited to expenditure as it occurs over the life of the contract has been determined in accordance with FRS 5.

In addition there is a separate interface agreement between the Natural History Museum and the Victoria and Albert Museum which governs the relationship between them in relation to the energy services and energy management services contract.

24 Related Party Transactions

The Natural History Museum is a Non-Departmental Public Body of the Department for Culture, Media and Sport (DCMS).

DCMS is regarded as a related party. During the year the Museum has had various material transactions with the Department and with other entities for which the Department is regarded as the parent department. These are as follows:

Receipt of grant-in-aid from DCMS (see note 3) £51,619,000.

At 31 March 2009, there was no balance due to or from DCMS.

Receipt of grant towards Darwin Centre Phase Two construction from the National Heritage Memorial Fund (Heritage Lottery Fund) £3,091,000.

At 31 March 2009, there was accrued income of £507,000 due to the Museum.

Supply of electricity and telephone services to the Victoria and Albert Museum £1,218,000.

At 31 March 2009, there was a balance due from the Victoria and Albert Museum of £107,000.

In addition the Museum, as lead manager of a joint invest to save grant, held funds of £60,000 on behalf of the Victoria and Albert Museum.

Supply of telephone services to National Museum for Science and Industry £746,000.

At 31 March 2009, there was a balance due from the National Museum for Science and Industry of £255,000.

The Museum also has had transactions with other government departments and other central government bodies. Most of these transactions have been with:

DCMS sponsored bodies:

British Broadcasting Corporation

British Museum

National Maritime Museum

National Portrait Gallery

British Library

English Heritage

National Museums Liverpool

Other bodies:

British Council

Crown Prosecution Service

Environment Agency

Health Protection Agency

Home Office

Natural England

OFCOM

Royal Mail

Companies House

DEFRA

Foreign and Commonwealth Office

HM Revenue & Customs

National Museums and Galleries of Wales

NERC

Royal Botanic Gardens Kew

During the year none of the Trustees or members of the key management staff has undertaken any material transactions with the Museum.

Professor Alex Halliday is a Council Member of the Natural Environment Research Council (NERC). Ian Henderson and Dr Michael Dixon are Council Members of the Royal Albert Hall. Professor Georgina Mace is Director of NERC's Centre for Population Biology at Imperial College. During the year the Museum received grants from NERC and cooperated in research programmes with Imperial College. In addition the Museum, as lead manager of a joint invest to save grant, held funds of £300,000 on behalf of Imperial College and £33,000 on behalf of Royal Albert Hall.

25 Contingent Liabilities and assets

There were no contingent liabilities or assets at the Balance Sheet date.

26 Post Balance Sheet Events

The authorised date for issue of these accounts is the date on which the certified accounts are sent by the Museum to the Secretary of State for Culture, Media and Sport who then lays them before the Houses of Parliament. This is 15 July 2009.

There were no other post Balance Sheet events.



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